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Chairman: Mr. Balarezo ..... (Peru)

Contents

Statement by the Chairman

Statement by the Under-Secretary-General for Economic and Social Affairs

General debate

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The meeting was called to order at 10.10 a.m.

Statement by the Chairman

1. **The Chairman** said that he was committed to improving the Committee's working methods, revitalizing its agenda and giving a new political impetus to its discussions and resolutions. To that end, he urged all Member States to engage in constructive dialogue and make a greater effort to reach consensus that went beyond the lowest common denominator so as to ensure that the Committee could reposition itself as the most relevant and efficient forum for the discussion of international economic and financial matters.

2. At the fifty-ninth session, the Committee would have a unique opportunity to give its work a strategic focus; it needed to determine how it could contribute to the 2005 high-level event to assess the progress made in implementing the Millennium Declaration and the outcomes and commitments of the major United Nations conferences and summits in the economic, social and related fields. It must consider ways to support the in-depth examination of compliance with the Goals and other international commitments, inter alia, the Monterrey Consensus, the global sustainable development agenda, the Conference on Human Settlements, the Conference on the Least Developed Countries, the Almaty Conference and the Barbados Programme of Action. Greater efforts were needed at the international level in order to prevent further implementation delays, bearing in mind the commitment to shared responsibility. The issue of the establishment of new financial mechanisms was fundamental; care must be taken not to neglect the important role of the private sector in the development process.

3. A number of other important issues were facing the Committee in the run-up to the 2005 event, including, but not limited to, job creation and global governance in the context of globalization; implementation of the First United Nations Decade for the Eradication of Poverty; the triennial comprehensive policy review of operational activities for development of the United Nations system and the effects of international migration. In that context, it was vital to look honestly and realistically at responses to development problems with a view to strengthening international cooperation and exchanges of experience and good practice, introducing reforms where necessary in order to achieve sustained and sustainable economic growth, reducing social inequality, generating decent jobs, confronting climate change and addressing the obvious technological and scientific weaknesses of developing countries.

Statement by the Under-Secretary-General for Economic and Social Affairs

4. **Mr. Ocampo** (Under-Secretary-General for Economic and Social Affairs) said that during the second quarter of 2004, following strong growth in the world economy in the second half of 2003 and early 2004, the global expansion had slowed. The *World Economic and Social Survey* had rightly warned that the accelerating phase of the global expansion would end gradually in the second half of 2004. The world economy, however, seemed to have softened earlier, and to a greater extent, than had been expected. The United States and China, which had continued to provide the major impetus to global growth, were experiencing a slowdown.

5. The surge in oil prices, driven by increasing global demand, had contributed most to the lull in the world economy, exacerbated by geopolitical developments in the Middle East, uncertainty in some of the oil-producing countries in other parts of the world, the weakness of the United States dollar and the herd behaviour of speculative investors in the oil-futures market. The negative income effects from the high oil prices would continue to limit global growth in the short run. The high energy prices would also have serious implications for the oil-importing developing countries, particularly least developed countries, and might lead to diversion of resources devoted to development goals. At the same time, there had been no major disruptions in oil supplies.

6. Other factors behind the slowdown in the global economy included the weak and unstable recovery of employment in many economies and the effects of policy-tightening measures adopted in some economies, particularly in China, to curb overheating. There remained, however, some resilient signs in the world economy: business investment continued to strengthen in the majority of economies; international trade was growing solidly; global inflation remained benign; and the international economic environment, including external financing conditions, remained favourable for most developing countries. Monetary

policies in the industrial economies continued to be broadly supportive of economic growth.

7. The momentum in international trade had played an increasingly important role in supporting the upswing of the business cycle, suggesting an ever-growing global interdependence and demanding more and faster progress in multilateral trade negotiations. The decision by the General Council of the World Trade Organization (WTO) to pursue the Doha work programme by establishing a framework for future negotiations on trade liberalization was encouraging. The agreement on the modalities of negotiations on agriculture had been a major step forward.

8. Although some economies were rebounding from their second quarter lapse, several risks and uncertainties persisted, including the ever widening twin deficits in the United States, the possibility of a further rise in oil prices and a prolonged weakness in labour market. The risks of a continued deterioration in the world economic growth in the rest of 2004 were not high. Economic growth in 2005 would be a quarter or perhaps even a half percentage point lower than the 3.5 per cent predicted in early 2004.

9. The negative impact of higher energy prices was significant. Increases in the price of oil would depress global real gross domestic product, and the slower pace of the global expansion implied fewer resources available for financing development, whether in the form of investment or aid. Measures taken to correct the large United States external payments deficit could have a depressive effect on global growth.

10. With 10 years to go to the target date for the Millennium Development Goals, sustaining stable and strong growth in the global economy must be a priority. Fiscal and external imbalances must be rectified, especially the United States external current-account deficit. A successful and timely outcome to the Doha round would promote development in poor countries. The elimination of agricultural export subsidies and the reduction of production subsidies, particularly trade-distorting subsidies, remained a priority. There was an urgent need to reduce tariff peaks and tariff escalation in industrial countries and develop mechanisms to reduce manufacturing tariffs so as not to affect developing countries disproportionately. Non-tariff barriers must be curtailed. Priority should also be given to services that used unskilled labour, particularly by facilitating the temporary movement of workers. Aid flows must rise above current levels and be better aligned with national development strategies and priorities.

11. While implementation of the Heavily Indebted Poor Countries (HIPC) Initiative continued to progress slowly, too many countries, especially in Africa, were being forced to choose between servicing their debts and making investments in health, education and infrastructure. A satisfactory solution for heavily indebted middle-income countries that were not eligible for relief under the HIPC Initiative should also be found, perhaps on the basis of the new Evian approach of the Paris Club.

12. Conflict was one of the biggest obstacles to attainment of the Millennium Development Goals. Fifteen of the 20 poorest countries in the world had had a major conflict in the past 15 years. Conflict had impoverished countries in every major region, spilling across borders and in many cases wiping out the achievements of decades of economic and social development. Intrastate wars had been particularly damaging in Africa. The destruction of physical assets, disruption in trade links and loss of human capital were only part of the problem. Violent conflict also left a legacy of militarized and divided societies, widespread displacement, and decimated institutional capacity. A more comprehensive approach needed to be taken to conflict prevention, conflict resolution and post-conflict development.

13. If the General Assembly was to reassert its role in guiding global cooperation in economic, social and environmental matters, further efforts were needed to make the outcome of its work more visible and more relevant. Further reflection was needed on the follow-up process to the International Conference on Financing for Development focusing on achieving results in all areas of the Monterrey Consensus. In the area of innovative sources of financing, careful consideration needed to be given to the various initiatives put forward, including the questions of curtailing tax evasion and strengthening international cooperation in tax matters within the Economic and Social Council.

14. The upcoming debate on the 2004 triennial comprehensive policy review must address the need for better aligning and integrating United Nations system programming with national development processes and country needs and priorities. The issue of capacity,

both of recipient countries and of the United Nations system, as well as the funding and governance of the system at the field level, were critical to ensure further progress towards achieving international development goals.

15. The persistence of extreme poverty and hunger was economically irrational and politically unacceptable given the state of technological progress and agricultural production worldwide. It was clear that technology, money and geography were not the obstacles, but rather willpower and courage. The first comprehensive review of the Millennium Declaration in 2005 would be a test of the international community's resolve and an opportunity to bring back development to centre stage.

16. **Mr. Carnelos** (Italy) asked for further clarification of the current situation of economic growth in the absence of an increase in employment and whether macroeconomic policies with respect to employment were misguided.

17. **Mr. van den Berg** (Netherlands), said that he would like to hear more about the likely the impact of HIV/AIDS, especially in sub-Saharan Africa, on the world economic situation. He would also appreciate an assessment of the influence of the Kyoto Protocol on the international economy. Lastly, concerning the triennial comprehensive policy review, more information was needed on the prospects for cooperation between the United Nations system and the World Bank.

18. **Mr. Ocampo** (Under-Secretary-General for Economic and Social Affairs) said that, as was made clear in the *World Economic and Social Survey*, weak employment affected the world economy. Accelerating employment recovery should be the focus of all States. Although the major economies, including the United States of America, Europe and China, each suffered from unemployment, there was no common solution to the problem. HIV/AIDS did not affect the economy in the short term. However, it had deep, long-term economic and social effects, involving a decimated working population, atypical age dependency ratios and increasing health costs. Concerning the Kyoto Protocol, he welcomed the Russian Federation's decision, which, if finalized, would allow the instrument to become fully effective. Lastly, the United Nations Development Group was committed to working with the World Bank. There was a need, however, to increase cooperation between the specialized agencies and departments and programmes and the Bank.

19. **The Chairman** said that he wished to hear a further assessment on the possibility of the emergence of an economic crisis and on the capacity to deal with such a crisis should it arise.

20. **Mr. Lolo** (Niger) wondered how it would be possible to generate the political will to fight extreme poverty and hunger in countries which viewed those issues as secondary to the global war on terrorism.

21. **Mr. Manis** (Sudan) enquired about developing countries' prospects of achieving the Millennium Development Goals, given their continuing economic and social deterioration since the United Nations Millennium Summit.

22. **Mr. Ocampo** (Under-Secretary-General for Economic and Social Affairs), replying to the Chairman's question, said that there were no signs of another major crisis. Experience had shown the difficulty of achieving rapid economic growth following a crisis; however, growth had been sound in 2004 and that trend was expected to continue into 2005, even without persistent recovery by the industrialized countries. Unlike in previous decades, the prices of raw materials were rebounding after their sharp drop in the early 1980s and during the Asian crisis.

23. Turning to the question by the representative of Nigeria, he clarified that he had been referring to the impact of conflict on the economies of poor countries. Terrorism, in addition to sowing uncertainty, had prompted increased military expenditure, all but eliminating the peace dividend of the early 1990s. That was an issue that should certainly be addressed by the Committee. He hoped that the entire international community would show greater political will to fight poverty and hunger by the 2005 review of the follow-up to the Millennium Summit.

24. Replying to the representative of Sudan, he said that sub-Saharan Africa was most at risk of not meeting the Millennium Development Goals, a problem highlighted in the report of the Secretary-General on the implementation of the United Nations Millennium Declaration (A/59/282). Elsewhere, the Goals would be met in large part (East Asia), or to

some extent (North Africa, West Asia and Latin America and the Caribbean).

25. **Mr. Mbayu** (Cameroon) welcomed the Chairman's emphasis on the need to involve the private sector more closely in the development process. The private sector, which accounted for about 92 per cent of the population in most countries, was not comprised of big corporations only but also of many individual proprietors and small-scale enterprises.

26. The linkage drawn by Mr. Ocampo between tax evasion and failure to achieve the Millennium Development Goals reconfirmed the importance of making the Ad Hoc Group of Experts on International Cooperation in Tax Matters a subsidiary body of the Economic and Social Council and gave fresh impetus to that effort.

27. Referring to the comments by the representative of Sudan, he said that the Poverty Reduction Strategy Paper (PRSPs) of many sub-Saharan African countries were virtually synonymous with their development plans; however, despite the tremendous effort invested in their formulation and the economic hardship they imposed, they were often not aligned with the Millennium Development Goals. Citing adverse geopolitics and the debt burden as other obstacles to the achievement of the Millennium Development Goals in sub-Saharan Africa, he wondered whether the Under-Secretary-General saw any disadvantage to recent proposals on outright cancellation of debt.

28. **Mr. Ortiz Gandarillas** (Bolivia) requested the Under-Secretary-General to elaborate further on his statement that the current international economic situation was favourable for developing countries.

29. **Ms. Al-Mulla** (Kuwait) said that it was an exaggeration to single out the future trend of oil prices as the leading uncertainty for the world economic outlook. Moreover, the attribution of the recent lull in the world economy to higher oil prices was lacking in depth. It did not fully explain the failures in the world economy and contradicted the Under-Secretary-General's subsequent assurances that there had been no major disruptions in oil supplies to erode consumer or business confidence. Her delegation would have appreciated an analysis that went beyond the developments of the preceding year to include other factors responsible for the surge in oil prices, such as the impact of debt on poor countries, the geopolitical situation and the taxes imposed on oil.

30. **Mr. Hamad** (United Nations Educational, Scientific and Cultural Organization) expressed gratitude to the Under-Secretary-General for drawing a correlation between debt servicing and the inability to finance basic social services such as education and health. He hoped that, in its deliberations, the Committee would focus equally on the social, as well as the macroeconomic, aspects of the debt problem.

31. **Mr. Sosa** (Dominican Republic) requested the Under-Secretary-General to discuss the effects of corruption on the development of developing countries.

32. **Mr. Kogda** (Burkina Faso) asked the Under-Secretary-General to comment on the rise in non-tariff barriers and their potential long-term impact on international trade and the growth of developing countries.

33. **Mr. Ocampo** (Under-Secretary-General for Economic and Social Affairs) agreed that corruption and non-tariff barriers, like debt relief, affected the long-term economic situation; however, his statement had focused on the short term only. The favourable international economic situation for developing countries was a short-term phenomenon. In the meantime, major structural problems with, inter alia, the Doha Round and external debt, continue to hamper enjoyment by the developing countries of the expansion of the global economy.

34. Replying to the representative of Kuwait, he said that, in the judgement of many institutions, higher oil prices had weakened world economic recovery. It was true that there had been no major disruptions in oil supplies and that was why there was no risk of a major recession. In large part, the increase in oil prices was attributable to higher demand, particularly by the rapidly growing Chinese economy. That was a short-term development and in no way implied that oil supplies were becoming a major structural factor in the world economy.

35. In response to the representative of Cameroon, he agreed that the important role of the private sector should be discussed in the Committee. Tax evasion was a major issue on which there had been no substantive international debate. It was a source of distortion that affected direct, particularly corporate, taxation, driving many countries to shift to an indirect taxation system that was less progressive, and even regressive.

36. As indicated by the Secretary-General in his report on the triennial comprehensive policy review, achievement of the Millennium Development Goals and national ownership must be key considerations in elaborating PRSPs, the paramount importance of national ownership had also been emphasized by the World Bank, the Independent Evaluation Office of the International Monetary Fund (IMF) and other institutions. The Secretary-General, the Millennium Project, the World Bank and IMF had stressed the crucial issue of funding in sub-Saharan Africa. Ideally, debt cancellation should be bolstered by the provision of additional resources on a recurring basis. Even after posting one of its best growth rates in decades (4 per cent in 2004 and a projected 4 3/4 per cent in 2005), Africa must still achieve an annual growth rate of 6 to 7 per cent in order to implement the Millennium Development Goals.

General debate

37. **Mr. Al-Bader** (Qatar), speaking on behalf of the Group of 77 and China, urged development partners to fulfil their commitments and promises within the context of the New Partnership for Africa's Development (NEPAD). Without substantial support from the international community, most African countries would not be able to achieve the Millennium Development Goals. An enabling environment that would promote development in developing countries must, first and foremost address the imbalances in the global economic and financial system and allow developing countries to participate in decision-making, in accordance with the Monterrey Consensus. The Group of 77 and China welcomed the "Action against Hunger and Poverty" initiative and hoped it would contribute to developing countries' efforts to achieve the Millennium Development Goal dealing with poverty and hunger. It was also crucial to develop a truly multilateral approach to international cooperation on tax matters and to strengthen current arrangements in that area.

38. While the recent understanding reached in Geneva on agricultural subsidies was a significant stride towards implementing the Doha work programme, it fell far short of establishing a multilateral trading system that was truly development-oriented. The eleventh session of the United Nations Conference on Trade and Development (UNCTAD) had drawn specific attention to the shrinking policy space available to developing countries to pursue their development objectives and ensure that globalization served their needs. Their capacity to participate effectively in trade negotiations and safeguard their interests must be strengthened. Of paramount importance were the agreements reached at the eleventh session of UNCTAD giving impetus to WTO negotiations to implement the Doha work programme.

39. External debt continued to be a drain on the resources of developing countries, particularly in Latin America and the Caribbean, North Africa and the Middle East. Progress in implementing the HIPC Initiative had been slow as eligible countries struggled to balance debt sustainability, the promotion of long-term growth and poverty reduction. Debt sustainability was also undermined by external shocks, such as collapses in principal export sectors, drought and natural disasters, and by conflict or post-conflict situations. The HIPC Initiative had been conceived as a net addition to the total volume of official development assistance (ODA), and yet, ODA had plummeted since its introduction. The Group of 77 and China hoped that that trend would be reversed, and that additional resources would be provided to finance the HIPC Initiative. A more effective and credible multilateral approach must be taken to dealing with the continuing decline and volatility of commodities prices, the chief source of foreign exchange earnings for many least developed countries.

40. Small island developing States were particularly vulnerable to external shocks and required special assistance in order to achieve the Millennium Development Goals. The Group of 77 and China hoped that a renewed commitment to their sustainable development would emerge from the International Meeting to Review the Implementation of the Programme of Action for the Sustainable Development of Small Island Developing States.

41. Follow-up to the World Summit on Sustainable Development and the Implementation of the Johannesburg Plan of Implementation remained a priority for the Group of 77 and China. It was to be hoped that the thirteenth session of the Commission on Sustainable Development would identify concrete policies for enhancing the implementation process in the water, sanitation and human settlements cluster.

42. The triennial comprehensive policy review should lead to a more predictable and adequate flow of

resources to fund operational activities for development. The multilateral system, particularly its development machinery, must be strengthened, and United Nations funds and programmes must be provided with the necessary resources to carry out their operational activities.

43. The Group of 77 and China attached great importance to constructive participation by all components of the international community, including the private sector, in the second phase of the World Summit on the Information Society, to be held in November 2005. In conclusion, he urged Member States to promote comprehensive approaches to peace and development and called on development partners to honour their commitments to the developing countries. The Group of 77 and China hoped that during the current session, the committee would lay the groundwork for the 2005 high-level event to review the implementation of the Millennium Development Goals.

44. **Mr. Davidse** (Netherlands), speaking on behalf of the European Union, the candidate countries (Bulgaria, Croatia, Romania and Turkey), the stabilization and association process countries (Bosnia and Herzegovina, Serbia and Montenegro and the former Yugoslav Republic of Macedonia) and, in addition, Iceland, said that, in view of the volume of work facing the Committee, he welcomed the new working methods adopted by the General Assembly, which would contribute to optimizing the efficiency of preparations for the 2005 high-level event.

45. The European Union supported further improvements to those working methods, in particular the introduction of the practice of "question time" and the use of interactive debates and panel, discussions, which could lead to more candid and effective interactions on crucial issues. Further progress in the area of documentation was also desirable, with a view to producing coherent flagship reports on the main issues which would have lasting impact and influence. To further improve coherence, it was important to continue the quest for more logical ways of clustering the agenda in order to further exploit synergies between topics and to pursue a good working relationship with the Third Committee.

46. In order to achieve the Millennium Development Goals, the effectiveness and efficiency of the United Nations system as a whole must be improved. The European Union was firmly committed to finding ways of strengthening the follow-up to both the Johannesburg Plan of Implementation and the Monterrey Consensus in order to enhance the Organization's work on the ground. Recommendations arising from the triennial comprehensive policy review would be an important input in that regard.

47. **Mr. Zhang** Yishan (China) said that, since the beginning of 2004, there had been a number of positive developments in the area of international development cooperation. There was a continued focus on the achievement of the Millennium Development Goals and on the outcomes of major international conferences and summits and relevant follow-up mechanisms had been set up. Higher levels of ODA had been authorized, new plans and proposals for poverty eradication financing for development and HIV/AIDS prevention and treatment had been put forward, and progress had been made in the area of trade. In addition, members of WTO had reached framework agreements on major items on the Doha development agenda and the Sao Paulo Consensus had reflected the common ground shared by all parties in the area of trade and development. Nevertheless, the plight of the developing countries remained a cause for serious concern, as evidenced by the widening gap between the North and the South, the continuing increase in the number of least developed countries, which were still facing economic instability, inadequate financial resources, trade disruptions and heavy debt burdens.

48. In 2005, a number of important meetings on development issues would take place. The international community must make good use of those opportunities to pursue its commitments and take concrete action to promote the realization of its development goals. In that connection, priority attention should be given to three main areas: first, continued efforts should be made to enhance international economic and development cooperation, uphold the principles of multilateralism and build a new type of development partnership based on mutual trust, benefit and assistance. The developing countries should, through capacity-building and cooperation, increase their competitiveness in order to reverse the negative effects of economic globalization, while the developed countries must fulfil their obligations, accelerate global economic growth and provide more support to the developing countries.

49. Secondly, in the context of poverty eradication, new proposals and plans to acquire additional

development resources on the basis of ODA and other existing means of financing should be explored. All parties involved should maintain the momentum of WTO negotiations and endeavour to bring the Doha development agenda to an early and successful conclusion.

50. Lastly, the United Nations should continue to play a leading role in the area of development and take full advantage of the 2005 high-level plenary meeting to undertake a comprehensive review of the implementation of the Millennium Development Goals and further mobilize the political will of all parties. The Organization must also set up a fair and reasonable framework for evaluating the progress of the Millennium Development Goals which was able to assess progress at the national level and monitor and evaluate international cooperation and the fulfilment of development assistance commitments.

51. **Mr. Akram** (Pakistan) said that the global macroeconomic outlook was mixed. The nascent recovery was fragile and economic growth remained unequal. Furthermore, despite the broad strategy for development implemented on the basis of the outcomes of the Doha, Monterrey and Johannesburg summits, poverty levels had increased. In order to turn the tide, Member States should concentrate on developing a concrete plan of action to promote a genuine partnership for development and peace rather than continuing to blame each other for the failure to implement the Millennium Development Goals.

52. Such a partnership should be founded on four pillars, the first and most essential of which was good national governance by the developing countries themselves. As Pakistan had shown, with the right policies in place, even the worst performing economies could be turned around. The second pillar of a new partnership must be adequate financing for development. There was a need to strengthen the framework of the Monterrey Consensus and ensure that its goals were practicable. In that connection, measures should be taken at the national level to create human development frameworks, establish public-private sector partnerships and obtain foreign grant assistance for the retirement of overdue debts. In addition, a more rigorous approach should be adopted in respect of debt write-offs and swaps and old concepts, such as the revision of IMF quotas for developing countries, could be revived.

53. The third pillar must be the creation of a fair international trading system. To that end, new WTO negotiations had been initiated, but the specific development objectives of those negotiations remained unclear. Unequal subsidies and discriminatory tariff peaks must be abolished and developing countries must be given sufficient policy space to sustain their own development through trade liberalization. Measures should be put in place to prevent the circumvention of market access and the implementation difficulties associated with the Uruguay Round must be resolved. The reciprocity inherent in the Doha Round must be related to the capacity for competition in equal conditions.

54. The last pillar of the partnership must be access to technology and relevant research and development. In view of the constraints on technology transfers imposed under the Agreement on Trade-Related Aspects of Intellectual Property Rights, a code of conduct should be devised so as to ensure that relevant technologies were made available to the developing countries at affordable prices. In addition, incentives should be introduced to promote enhanced research and development activities that addressed the problems facing the developing countries.

55. **Mr. Tchoulkov** (Russian Federation) said that the Millennium Development Goals played a crucial role in international efforts to address such challenges and threats as international terrorism, hunger, poverty, epidemics, environmental degradation and the gap in living standards in the world. His delegation therefore commended the "Action against Hunger and Poverty" Initiative. His Government was making concerted efforts to provide debt relief to the poorest countries as well as official development assistance, above all to its partners in the Commonwealth of Independent States, and to revitalize its donor capacities.

56. The establishment of a more equitable international trade system would create additional opportunities to attain the Goals. His Government welcomed the outcome of the eleventh session of UNCTAD, which had given new impetus to the WTO talks. His Government was steadily advancing towards accession to WTO on terms acceptable to it and was ready to take on the obligations corresponding to its level of economic development and structural specificities, in line with the obligations assumed by other WTO members.

57. One of the priority issues of the current session was the integration of countries with economies in transition into the world economy. His Government strongly supported the mobilization of international assistance to such countries and was providing bilateral assistance to a number of Commonwealth countries in transition. The United Nations agencies and the Bretton Woods institutions should focus more on assisting the most needy countries in transition, especially low-income States, in order to integrate them into the world economy and remove obstacles to their social and economic development.

58. His Government actively supported international cooperation in the area of sustainable development, as was shown, on 30 September, by its decision to submit the Kyoto Protocol to parliament for ratification. It had acceded to the United Nations Convention to Combat Desertification and was working towards possible accession to such environmental instruments as the Stockholm Convention on Persistent Organic Pollutants and the Montreal Protocol on Substances that Deplete the Ozone Layer. His delegation welcomed the outcome of the twelfth session of the Commission on Sustainable Development. As Chair of the United Nations Forum on Forests, his Government helped to put sustainable forest management at the top of the international environmental agenda. His delegation attached particular importance to the 10-year review of the Programme of Action for the Sustainable Development of Small Island Developing States and to the World Conference on Disaster Reduction to be held in January 2005.

59. Concerning the triennial comprehensive policy review, his Government was committed to the fundamental principles of the operational activities of the United Nations system, especially national ownership, and to preserving the independent mandates of the funds and programmes. It supported further simplification and harmonization of rules and procedures in order to reduce the administrative and financial burden of States and United Nations agencies, and also strengthening the resident coordinator system and enhancing cooperation with the World Bank.

60. His delegation would participate actively in the drafting of country-specific resolutions on humanitarian assistance, which must be submitted and negotiated in the same manner as General Assembly resolutions. The Committee would have an opportunity to consider in greater detail individual cases of countries that were grappling with the transition from humanitarian assistance to development. Attention must be paid not only to the causes of the re-emergence of conflicts and their prevention but also to the factors that allowed States to emerge successfully from post-crisis situations. The case of Tajikistan might serve as a useful example.

61. **Mr. Deig** (Peru) observed that, according to statistics from the World Bank and a number of Human Development Reports, over the last 28 years only four developing countries had achieved the 4 per cent increase in per capita income required to eradicate poverty. During that same period, income levels in 69 developing countries had registered zero or negative growth. The gap between rich and poor was increasing and would continue to do so if urgent preventive measures were not taken.

62. To that end, it was essential to promote a less speculative and more productive global financial system and seek out additional resources. For a number of years, Peru had been emphasizing the need to develop innovative financial mechanisms with a view to strengthening democratic governance and eradicating poverty and social exclusion. Such mechanisms should facilitate productive investment, ensure long-term external debt sustainability and reinforce capacity to address unexpected external economic situations. There was a need to modify the tax accounting system in order to enhance public and private investment, particularly in infrastructure, and to introduce contracyclical measures. In that connection, Peru supported the "Action against Hunger and Poverty" Initiative.

63. Two issues were of particular importance in the current economic climate. According to the report of the World Commission on the Social Dimension of Globalization, the effects of globalization were most apparent in the employment sector. Consequently, it was vital to counter the negative impact of that phenomenon by implementing sustained job creation policies, in which the private sector must play a key role. Secondly, the establishment of equitable and uniform international standards to address cross-border migration should be a priority. In that context, Peru would be hosting a special international ministerial conference for developing countries with significant flows of international migrants, which would take place in Lima in the first half of 2005. For its part, the Committee had an active contribution to make to the

preparations for the high-level plenary session in 2005, which would be one of the last opportunities to reach agreement on viable initiatives to facilitate the achievement of the Millennium Development Goals by 2015.

64. **Mr. Le Luong Minh** (Viet Nam) said that globalization was generating unbalanced outcomes and the gap between rich and poor countries had widened. Moreover, the multilateral trading system was not very democratic: most developing countries had very limited influence in global negotiations on financial and economic rules and policies, and that had increased their marginalization and vulnerability. Unjust protectionist measures undermined their efforts to eradicate hunger and reduce poverty, which, coupled with the lack of progress in the Doha Round and in implementing debt-related initiatives, as well as the lack of committed ODA, frustrated developing countries' hopes of development.

65. It was more urgent than ever to build an international framework for development and prosperity and the United Nations must play a leading role in that endeavour in order to ensure the attainment of the Millennium Development Goals. The Economic and Social Council, UNCTAD and other specialized agencies and funds and programmes had a central coordinating role to play in development activities and Viet Nam would actively participate in efforts to strengthen those bodies. Regional and interregional cooperation, including North-South and South-South cooperation, and partnerships between developed and developing countries would also help create favourable conditions for development and ensure that globalization would benefit all nations.

66. In recent years, thanks to renovation and economic reform, Viet Nam's growth rate had averaged 7.5 per cent and the number of poor households had been reduced by half. His Government had maintained its policy of regional and international integration and, in that context, would shortly be hosting the Fifth Asia-Europe Summit, as well as hosting Asia-Pacific Economic Cooperation meetings in 2006. It was also stepping up negotiations on accession to WTO.

67. **Mr. Mahiga** (United Republic of Tanzania) said that implementation of the Millennium Development Goals and the outcomes of the major United Nations conferences of the past 10 years was not proceeding sufficiently quickly. The price of inaction, or delayed action, in that regard was the economic, social and political destabilization already to be seen in many parts of the world. The main challenge was to establish coherence and convergence between the commitments and obligations of partners in developed and developing countries. The enlightened policies of developed partners who had achieved the 0.7 per cent ODA target demonstrated that meeting those commitments was financially feasible within budgetary provisions as well as politically and morally rewarding.

68. Tanzania and many other developing countries in Africa had also taken bold policy initiatives, instituting democratic governance, free market entrepreneurship, fiscal reform and anti-corruption measures, but their efforts risked being frustrated by their partners, who in some cases were slow to reciprocate in the spirit of the Millennium Declaration and the Monterrey Consensus. His delegation urged those countries to shorten their timeframe for full disbursement, in accordance with their commitments. It was to be hoped that other ongoing initiatives by the developed countries and the debates on debt relief and ODA in relation to the Millennium Development Goals would take Africa's special needs into account and that developing countries would be adequately involved in decision-making and implementation.

69. Developing countries' efforts to make agriculture the backbone of their economies had been hampered by falling world commodity prices. The related issue of farm subsidies was one that had been repeatedly raised, and it should remain central to the agenda of world trade negotiations. Fairness in competition should be the paramount consideration, particularly in respect of commodities in which developing countries had comparative advantages. The consensus reached in Sao Paulo had given a much-needed boost to the multilateral trading system and it was of the utmost importance for the Doha negotiations to move forward in a democratic and transparent manner in order to create a system that would be equitable and beneficial to all.

70. **Mr. Ramadan** (Lebanon) said the global economic slowdown would adversely affect development efforts, yet its causes were still far beyond developing countries' control, despite the fact that the Monterrey Summit had recognized those countries as effective participants in the global economy and financial systems. Levels of ODA still fell short of the commitments that had been made. The

improvements in external financing conditions for developing countries such as Lebanon were due only to improved domestic economic conditions and low international interest rates. Indeed, total ODA over the past year had been exceeded by remittances from migrants. That illustrated the importance of migration in the process of development, and his delegation believed it was necessary to organize an international conference on migration.

71. The latest agreement on modalities in agriculture was a welcome first step towards trade liberalization, a process which could be expected to generate a large part of the resources needed to finance development. He hoped that, as a result of the triennial comprehensive policy review, funding for operational activities for development would become more predictable and demand-driven.

72. **Mr. Chinade** (Nigeria), speaking on behalf of the African Group, said that many African countries had taken steps to integrate the goals and strategies of NEPAD into their national development programmes. However, the sustainable development objectives of NEPAD could not be achieved without lasting peace at home and abroad, and subregional organizations were cooperating with the African Union in efforts to find solutions to intractable conflicts in the continent's various trouble spots so as to pave the way for development.

73. It was important not to compromise on good governance in the economic, corporate, social and political spheres. The African countries were determined to protect human rights and fundamental freedoms and to reform and strengthen their institutions. The fight against corruption would continue: some African countries were already planning to ratify the United Nations Convention against Corruption.

74. NEPAD rested on the principle of ownership and responsibility and the values of inclusion, human rights, equality, transparency and accountability, and would require comprehensive, people-centred reforms that would help reposition the continent for growth, stability, democracy and development. The catalyst in that process was agriculture, which would provide food security, create wealth and generate employment. The African Group would join the consensus in the Group of 77 and China to promote the Doha development agenda. Many African Governments were giving increasing prominence to the Millennium Development Goals and other development goals, and were committed to providing an enabling environment for the private sector. A sine qua non of the success of those efforts was, however, the fulfilment of the undertakings made at Monterrey and the World Summit on Sustainable Development. In particular, developed countries must deliver on their ODA commitments and prioritize development in their interaction with developing countries, especially those in Africa: in an interdependent world, failure to help neighbours could have adverse consequences at home.

75. The results of the HIPC Initiative were unsatisfactory and the debt crisis still presented a major challenge that must be resolved without delay. ODA, whatever its level, could never offset the enormous cost of debt service payments. Debt swap for sustainable development was a promising avenue that deserved further exploration.

76. Notwithstanding the theoretical emphasis often placed on the Millennium Development Goals as a framework for development, there was no real linkage between those Goals and PRSPs. Some of the reforms associated with PRSPs even ran counter to the objective of reducing poverty: downsizing of the public sector, for example, generally had a deleterious effect on the social fabric. Greater convergence and coherence were required in international development policies and the financial system. It seemed that the main objective of Governments in implementing PRSPs was not so much to reduce poverty as to ensure they met the rating criteria of the World Bank Country Policy and Institutional Assessment (CPIA), the yardstick used in allocating all-important World Bank resources to low-income countries. CPIA had thus become a new form of conditionality and there was little incentive to pursue an independent development track based on countries' own priorities and needs.

77. The majority of least developed countries (LDCs) lay in Africa and five of them were small island States. The forthcoming International Meeting to Review the Implementation of the Barbados Programme of Action for the Sustainable Development of Small Island Developing States would present an opportunity to offer further concrete assistance to LDCs and small island developing States in particular.

78. The Committee needed to reconsider its approach, aiming at efficiency, effectiveness and

results. It should move away from the ritualistic "dialogue of the deaf" and exploit its own diversity in order to help realize member States' basic needs. In that regard, he hoped the Committee would take an active part in the plenary debate on the report of the World Commission on the Social Dimension of Globalization. The African Group also applauded the States that had launched the Action against Hunger and Poverty Initiative.

79. Lastly, turning to the threats posed by terrorism, he said the African Group believed the best way to guarantee peace and security was to address the fundamental problems of poverty and underdevelopment. It therefore looked forward to the 2005 high-level event and hoped that its outcome would further the process of implementation.

The meeting rose at 1.05 p.m.